

FY 2002-03 Budget Detail for HUMAN SERVICES

**Community Health
Corrections
Family Independence Agency**

**Summary: Enacted Appropriation
FY 2002-03 Community Health
Senate Bill 1101
Public Act 519 of 2002**

**Analysts: Margaret Alston
Bill Fairgrieve
Sue Frey**

						<u>Change from YTD at 5/10/02</u>	
	2001-02 YTD (as of 5/10/02)	Executive	Senate	House	Enacted	FTEs/Dollars	%
FTEs	6,207.1	5,672.3	5,672.3	5,680.3	5,672.3	(534.8)	(8.6)
Gross	\$8,525,719,966	\$9,155,663,900	\$9,472,115,600	\$9,507,445,200	\$6,302,509,400	(\$2,223,190,566)	(26.1)
IDG/IDT	\$74,507,400	\$69,172,900	\$69,172,900	\$69,172,900	\$69,172,900	(\$5,334,500)	(7.2)
Federal	\$4,428,274,766	\$4,801,713,100	\$4,956,155,600	\$4,962,166,900	\$3,287,695,300	(\$1,140,578,466)	(25.8)
Local	\$1,063,251,900	\$1,065,265,900	\$1,065,265,900	\$1,065,265,900	938,139,500	(\$125,112,400)	(11.8)
Private	\$63,585,600	\$63,122,600	\$63,122,600	\$64,736,600	\$64,736,600	\$1,151,000	1.8
Restricted	\$335,443,500	\$593,328,200	\$755,337,400	\$782,515,900	\$607,732,000	\$272,288,500	81.2
GF/GP	\$2,560,657,800	\$2,563,061,200	\$2,563,061,200	\$2,563,587,000	\$1,335,053,100	(\$1,225,604,700)	(47.9)

NOTE: Enacted figures include restored funding associated with the cigarette tax increase pursuant to 2002 PA 503. Enacted amounts do not include appropriations of \$1,469,003,900 for Long-Term Care Services and \$1,476,781,100 for Health Plan Services in 2002 PAs 303 and 304.

OVERVIEW

The Michigan Department of Community Health (DCH) is responsible for development of health policy and management of Michigan's publicly funded health care systems. Established by Executive Order in 1996, it consolidated the former Departments of Mental Health and Public Health with Medicaid and the Office of Drug Control Policy. In 1997, the Office of Services to the Aging and the Crime Victim Services Commission were transferred from the Department of Management and Budget, and the Adult Home Help Program and the Social Services to the Physically Disabled Program were also brought into the Department from the Family Independence Agency.

Major Budget Changes from FY 2001-02 YTD Appropriations:

DEPARTMENT-WIDE

1. Michigan Essential Health Care Provider Program

Rejects House restoration of the budgetary savings for program and reduces Healthy Michigan Fund (HMF) support by \$500,000, but partially restores HMF reduction with \$5,000 in GF/GP dollars. Section 263 restores \$495,000 for this program due to an increase in the tax on cigarettes pursuant to 2002 PA 503 2002.

	<u>Senate</u>	<u>House</u>	<u>Enacted</u>
Gross	\$0	\$270,900	(\$495,000)
Restr	0	0	(500,000)
GF/GP	\$0	\$270,900	\$5,000

<u>Major Budget Changes from FY 2001-02 YTD Appropriations:</u>		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
2. Worker's Compensation Program Reduces funds for worker's compensation program by \$1.9 million to offset some Healthy Michigan Fund reductions. Rejects funding reduction passed by the House which was to be used to finance a \$101,000 crisis response pilot project and \$200,000 for fire prevention education programming.	Gross	\$0	(\$301,000)	(\$1,941,200)
	GF/GP	\$0	(\$301,000)	(\$1,941,200)
3. Early Retirement Savings Projects 2002 net early retirement savings of \$5.4 million. (Also referred to in Sec. 261)	Gross	\$0	(\$100)	(\$5,393,700)
	GF/GP	\$0	(\$100)	(\$5,393,700)
4. Budgetary Savings Includes a 1% GF/GP budgetary savings deduct for the Department's budget. (Also referred to in Sec. 261)	Gross	\$0	\$0	(\$25,630,600)
	GF/GP	\$0	\$0	(\$25,630,600)
MENTAL HEALTH/SUBSTANCE ABUSE	Gross	\$25,347,600	\$25,347,600	\$36,155,500
5. Caseload Increase in Medicaid Eligibles Increases funds for Medicaid Mental Health Services by \$36.2 million gross and \$16.1 million GF/GP to recognize a projected caseload increase in Medicaid eligibles for mental health and substance abuse services. Updates earlier caseload projections included in House and Senate proposals.	Federal	14,047,600	14,047,600	20,037,300
	GF/GP	\$11,300,000	\$11,300,000	\$16,118,200
6. Enhancements for Medicaid Mental Health Services - IMPLEMENTATION DELAYED Increases funds for Medicaid Mental Health Services by \$40.7 million gross and \$332,500 GF/GP to provide services to the following populations in MIFamily Plan: parents of Medicaid eligible children whose income is between 50% and 100% of the federal poverty level (FPL); pregnant women whose income is between 185% and 200% of the FPL; and single adults in the State Medical Program. Section 442 authorizes up to \$18.0 million to be transferred from Community Mental Health Non-Medicaid Services to Medicaid Mental Health Services to provide state match for MIFamily Plan to the extent that persons are enrolled in the program. Governor's veto letter states that implementation will be delayed due to the potential impact of proposed constitutional amendments.	Gross	\$58,739,400	\$58,739,500	\$40,739,400
	Federal	40,406,900	40,407,000	40,407,000
	GF/GP	\$18,332,500	\$18,332,500	\$332,500
7. Rate Increase for Medicaid Mental Health Services - IMPLEMENTATION DELAYED Increases Medicaid Mental Health Services capitation payment rates by 3.9% (\$50.2 million gross and \$22.4 million GF/GP). Increase is part of the financing strategy for MIFamily Plan. Rejects House and Senate proposal to increase capitation payment rates by 5% and finance increase by a withdrawal from the Medicaid Benefits Trust Fund. Governor's veto letter states that implementation will be delayed due to the potential impact of proposed constitutional amendments.	Gross	\$64,530,200	\$64,530,300	\$50,246,700
	Federal	35,762,600	35,762,700	27,846,700
	GF/GP	\$28,767,600	\$28,767,600	\$22,400,000
8. Provider Assessment for CMHSPs - VETOED Includes a 5% net increase in capitation payment rates for CMHSPs that is financed through a provider quality assurance assessment fee. Adjustment includes \$2.5 million used to finance increase for multicultural services. (Refer to Sec. 448) NOTE: Veto fund sources as determined by the Executive do not match the enacted change from year-to-date amount.	Gross	\$0	\$0	\$188,027,600
	Federal	0	0	104,204,900
	Restr	0	0	126,000,000
	GF/GP	\$0	\$0	(\$44,677,300)

Major Budget Changes from FY 2001-02 YTD Appropriations:

		Senate	House	Enacted
9. Increase for CMHSP Purchase of State Services Contracts - VETOED	Gross	\$0	\$0	\$8,837,100
Increases funds to partially cover "new" local revenue that would have been received from CMHSPs for utilization of state hospitals and centers. (Refer to Sec. 447)	GF/GP	\$0	\$0	\$8,837,100
10. Community Substance Abuse Prevention, Education, and Treatment Programs	Gross	\$0	\$0	(\$1,000,000)
Projects savings of \$1.0 million for Community Substance Abuse Prevention, Education, and Treatment Programs; rejects Executive proposal to transfer administrative responsibility for coordinating agencies to CMHSPs.	GF/GP	\$0	\$0	(\$1,000,000)
11. Elimination of TANF Funds	Gross	\$0	\$100,000	(\$3,000,000)
Eliminates \$3.0 million in TANF funds originally designated in FY 1999-2000 for substance abuse treatment services for Family Independence Agency recipients. Rejects House and Senate actions to replace TANF funds with GF/GP dollars.	Federal	(3,000,000)	(3,000,000)	(3,000,000)
	GF/GP	\$3,000,000	\$3,100,000	\$0
12. Rebasings of Authorizations for State Hospitals and Centers - PARTIAL VETO	FTEs	(56.0)	(56.0)	(56.0)
Corrects FY 2001-02 authorizations for state psychiatric hospitals and centers for persons with developmental disabilities to reflect changes in census, costs, and projected revenues; adjustment does not include "new" local revenue of \$8.8 million to be realized from CMHSPs for utilization of state hospitals and centers. (Refer to Item 9 and Sec. 448)	Gross	\$2,088,700	\$2,088,700	\$2,088,700
NOTE: Veto fund sources as determined by the Executive do not match the enacted change from year-to-date amount.	Federal	(6,094,900)	(6,094,900)	(6,094,900)
	Local	8,893,200	8,893,200	8,893,200
	Restr	(708,700)	(708,700)	(708,700)
	GF/GP	(\$900)	(\$900)	(\$900)
13. Inflationary Increase for Mental Health and Substance Abuse Services	Gross	\$21,226,900	\$21,227,200	\$0
Omits the 5% inflationary increases included in the House and Senate-passed bills for Community Mental Health Non-Medicaid Services, Medicaid Substance Abuse Services, and Community Substance Abuse Prevention, Education, and Treatment Programs.	Federal	724,000	724,300	0
	GF/GP	\$20,502,900	\$20,502,900	\$0
PUBLIC HEALTH	Gross	\$10,360,700	\$10,361,100	\$0
14. Inflationary Increases for Public Health	Federal	4,441,900	4,442,300	0
Omits the 5% inflationary increases that were in the House and Senate passed bills for local public health operations, children's waiver home care program, family support subsidy program, and the children's special health care services program.	GF/GP	\$5,918,800	\$5,918,800	\$0
15. Cardiovascular Employee Wellness Program Elimination	Gross	(\$1,059,300)	(\$959,300)	(\$1,059,300)
Annualizes the Executive Order 2001-9 reduction for the employee wellness program supporting worksite and community wellness and cardiovascular health, resulting in elimination of the program. Rejects House recommendation to retain \$100,000 for employee wellness program.	Federal	(3,100)	(3,100)	(3,100)
	Restr	(956,100)	(956,100)	(956,100)
	GF/GP	(\$100,100)	(\$100)	(\$100,100)

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
16. Transfer Responsibility for Adolescent Health Clinic and School Health Education Funding to School Aid Budget	Gross	(\$3,180,000)	(\$3,000,000)	(\$6,922,300)
	Restr	(1,180,000)	(1,180,000)	(2,030,000)
	GF/GP	(\$2,000,000)	(\$1,820,000)	(\$4,892,300)
Transfers financial responsibility of \$3.7 million for adolescent primary health care clinics and \$3.2 million for school health education programs from DCH to the School Aid budget, resulting in elimination of funding for these programs in DCH. Retains \$102,800 of federal funding to continue to staff school health education curriculum development. Rejects the House and Senate recommendation to retain funding for adolescent health care clinics.				
17. Healthy Michigan Fund Reductions	Gross	\$0	\$0	(\$12,976,600)
	Restr	0	0	(16,865,900)
	GF/GP	\$0	\$0	\$3,889,300
Reduces Healthy Michigan Funds to 14 projects by \$17.2 million. Funding to some projects is partially replaced with GF/GP funds or additional available Healthy Michigan Funds. Section 263 restores funding levels of most of these projects due to an increase in the tax on cigarettes pursuant to 2002 PA 503.				
18. Prevention and Outreach Program Reductions	Gross	(\$6,320,800)	(\$507,700)	(\$6,320,800)
	Federal	(1,000,000)	(1,000,000)	(1,000,000)
	Tobacco	0	1,500,000	0
	Restr	(507,700)	(507,700)	(507,700)
	GF/GP	(\$4,813,100)	(\$500,000)	(\$4,813,100)
Reduces funds for the following programs as a continuation of significant FY 2001-02 Executive Order 2001-9 and budgetary savings reductions: pregnancy prevention \$850,000, smoking prevention \$3.0 million, violence prevention \$507,700, and Medicaid outreach \$2.0 million. Rejects the House recommendation to restore most of this funding.				
19. African-American Male Health Initiative Reduction	Gross	\$580,000	\$575,000	(\$415,000)
	Restr	0	0	(320,000)
	GF/GP	\$580,000	\$575,000	(\$95,000)
Reduces funding by \$415,000 for this program. Section 263 restores \$315,000 due to an increase in the tax on cigarettes pursuant to 2002 PA 503. Rejects increased funding passed by the House and Senate.				
20. University Cancer Project Funding Reduction	Gross	\$1,500,000	\$1,600,000	(\$1,500,000)
	Restr	0	0	(1,500,000)
	GF/GP	\$1,500,000	\$1,600,000	\$0
Reduces funding by \$1.5 million. Section 263 restores this funding due to an increase in the tax on cigarettes pursuant to 2002 PA 503. Rejects increased funding passed by the House and Senate.				
OFFICE OF SERVICES TO THE AGING	Gross	\$298,500	\$298,600	\$0
21. Senior Volunteer Program Increase	Federal	0	100	0
	GF/GP	\$298,500	\$298,500	\$0
Omits the 5% inflationary increase that was in the House and Senate passed bills.				
MEDICAL SERVICES	Gross	\$266,565,200	\$265,565,200	\$346,308,300
22. Utilization, Inflation and Caseload Growth	Federal	147,671,800	147,671,800	191,924,100
	GF/GP	\$118,893,400	\$118,893,400	\$154,384,200
Adds \$346.3 million to cover Medicaid utilization, inflation, and caseload growth.				
23. Medical Services Provider Rate Increase	Gross	\$172,885,500	\$175,046,800	\$0
	Federal	95,813,100	97,011,500	0
	GF/GP	\$77,072,400	\$78,035,300	\$0
Eliminates the 5% Medical Services provider payment rate increase and the Ambulance Services mileage adjustor in the House and Senate passed bills.				

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
24. MIFamily Plan - IMPLEMENTATION DELAYED	Gross	\$191,091,900	\$191,091,900	\$191,091,900
Establishes the MIFamily Plan to provide health care coverage for up to 222,000 persons including parents of Medicaid eligible children, pregnant women, State Medical Program recipients and other low income uninsured adults. It is financed with federal and state Medicaid funds, unspent federal State Children's Health Insurance Program (SCHIP) allocations, state and local indigent care monies, and state non-Medicaid mental health services funds. Governor's veto letter states implementation will be delayed due to the potential impact of proposed constitutional amendments.	Federal	116,621,900	116,621,900	116,621,900
	Local	24,409,700	24,409,700	24,409,700
	Private	3,512,700	3,512,700	3,512,700
	GF/GP	\$46,547,600	\$46,547,600	\$46,547,600
25. EPIC Program Expansion	Gross	\$94,999,300	\$94,999,300	\$94,999,300
Adds \$115.0 million in new federal funds to the Elder Prescription Insurance Coverage (EPIC) program based on the proposed Medicare Low Income Drug Assistance Initiative and the Medicaid Pharmacy Plus Waiver for low income seniors. Tobacco settlement revenues and other state restricted funds for the program are reduced by \$20.0 million.	Federal	115,000,000	115,000,000	115,000,000
	Restr	(20,000,700)	(20,000,700)	(20,000,700)
	GF/GP	\$0	\$0	\$0
26. Long Term Care Services - VETOED	Gross	\$0	\$0	(\$1,363,565,200)
Rejects the roll up of Adult Home Help and Personal Care Services with Long-Term Care Services as proposed by the Governor, but rolls up the Personal Care Services component with the Adult Home Help program and establishes Home and Community Based Services (HCBS) as a separate line item. Governor vetoed the Long-Term Care, HCBS, Adult Home Help, and Personal Care Services line items, citing the appropriation for Long-Term Care Services in 2002 PA 303. NOTE: Veto fund sources as determined by the Executive do not match the enacted change from year-to-date amount.	Federal	0	0	(765,022,100)
	Local	0	0	(8,445,100)
	Restr	0	0	(35,000,000)
	GF/GP	\$0	\$0	(\$555,098,000)
27. Health Maintenance Organizations - VETOED	Gross	\$0	\$0	(\$1,252,637,000)
The Governor vetoed the Health Maintenance Organizations (HMO) line items, citing the appropriation for HMO Services in 2002 PA 304. NOTE: Veto fund sources as determined by the Executive do not match the enacted change from year-to-date amount.	Federal	0	0	(703,301,600)
	Local	0	0	(229,952,000)
	Restr	0	0	(141,613,400)
	GF/GP	\$0	\$0	(\$177,770,000)
28. Medicaid Benefits Trust Fund Withdrawal	Gross	\$0	\$0	\$0
Withdraws \$246.7 million from the Medicaid Benefits Trust Fund to cover the federal Medicaid match rate reduction, caseload growth, and the loss of special financing GF/GP savings. An additional \$15.0 million from the trust fund is appropriated based on the target agreement for DCH. Rejects the House and Senate proposed trust fund withdrawals to fund 5% rate increases, veto restorations, reversal of Executive Order (EO) reductions, and other funding changes.	Restr	408,171,600	433,846,300	261,662,400
	GF/GP	(\$408,171,600)	(\$433,846,300)	(\$261,662,400)

Major Boilerplate Changes from FY 2001-02:**GENERAL****Sec. 206(2)(3). Contingency Funds**

Rejects Senate provision to increase state restricted contingency funds from \$20.0 million to \$50.0 million and local contingency funds from \$20.0 million to \$50.0 million.

Major Boilerplate Changes from FY 2001-02:

Sec. 261. Early Retirement Savings and Budgetary Savings (New)

Requires that the negative appropriation for early retirement savings be realized from not filling all of the positions lost due to state's 2002 early retirement program; modified new House language. Language also added to require that the negative appropriation in part 1 for budgetary savings be satisfied from the imposed hiring freeze and other savings identified by the Director of the Department and State Budget Director.

Sec. 262. Expenditure of Appropriated Funds (New)

Requires Department to provide a written explanation of the reasons why it did not fully expend appropriated funds if any of the following occurs: 1) a proposed legislative transfer removes 10% or more of the funding in a line item; 2) a proposed legislative transfer brings the total of the year-to-date transfers out of that line to 10% or more of the originally appropriated amount; 3) a proposed legislative transfer removes funding in a line item that is the subject of boilerplate language expressing legislative intent for program implementation; 4) 10% or more of a line item will lapse to the general fund at the close of the fiscal year; and 5) 10% or more of a line item will be proposed to be included in a work project; new language added by the House.

Sec. 263. Cigarette Tax Contingency Appropriations (New)

Appropriates funds for various Healthy Michigan Fund projects, minority health grants and contracts, and consumer involvement program if the tax on cigarettes is increased by \$0.30 or more per pack by September 30, 2002.

DEPARTMENTWIDE ADMINISTRATION

Sec. 311. Palliative and Hospice Care (New)

Requires Department to allocate \$150,000 to the Michigan Partnership for the Advancement of End-of-Life Care; modified House language. Expresses the Legislature's intent that the grant decrease by \$50,000 per year over the next three fiscal years.

MENTAL HEALTH/SUBSTANCE ABUSE SERVICES

Sec. 412. Salvation Army - VETOED

Directs Department to contract directly with the Salvation Army Harbor Light Program and Salvation Army Turning Point of West Michigan to provide non-Medicaid substance abuse services at no less than the amount contracted for in FY 2001-02; modified Senate language. Requires Department to make an administrative allocation from its existing appropriation of not less than 10% of the amount contracted for in FY 2001-02 for these Salvation Army programs.

Sec. 419. Carry Forward of Substance Abuse Funds - VETOED

Requires Department and CMHSPs that contract with substance abuse coordinating agencies to include provisions in their contracts that allow the agencies to carry forward up to 5% their federal block grant revenue from the funds appropriated for community substance abuse prevention, education, and treatment programs; modified Senate language.

Sec. 428. Contingency Appropriation of \$100.0 Million for CMHSPs

Authorizes Department to establish a separate contingency appropriations account, in amount not to exceed \$100.0 million, for the purpose of providing an increase in Medicaid capitation rates for CMHSPs. Specifies that in order to receive a capitation rate increase, CMHSPs or an affiliation of CMHSPs provide local funds from internal resources that can be used as a bona fide source for the state match required under the Medicaid program. Requires distribution of the rate increase to be based on a formula developed by the Department that includes representatives from CMHSPs or affiliations of CMHSPs and Department staff. Specifies the criteria to be used in developing the distribution formula for the Medicaid capitation rate increase. Requires the Committee to report its findings to the House of Representatives and Senate Appropriations Subcommittee on Community Health by February 1, 2003. Prohibits implementation of this section if it does not comply with federal laws or regulations.

Sec. 430. Funds Appropriated for CMH Non-Medicaid Services - VETOED

Permits CMHSPs that contract with local providers of mental health services and services for persons with developmental disabilities under a capitated reimbursement system to include provisions in their contracts to allow the providers to carry forward up to 5% of their unobligated capitation payments from the funds appropriated for CMH non-Medicaid services.

Sec. 431. Funds Appropriated for Medicaid Mental Health Services - VETOED

Permits CMHSPs that contract with local providers of mental health services and services for persons with developmental disabilities under a capitated reimbursement system to include provisions in their contracts to allow the providers to carry forward up to 5% of their unobligated capitation payments from the funds appropriated for Medicaid mental health services.

Sec. 436. Specialty Services and Support Waiver Bidding Process (New)

Requires CMHSPs, regional partnerships, and other entities who are chosen to provide public mental health services through the 1915 (b) specialty services and support waiver bidding process to endeavor to minimize disruptions in services to their clientele due to potential changes in their contracts with providers; new Senate provision.

Major Boilerplate Changes from FY 2001-02:***Sec. 439. Community Residential Settings Pilots (New)***

Expresses the Legislature's intent that the Department, in conjunction with CMHSPs, support pilot projects that facilitate the movement of adults with mental illness from state psychiatric hospitals to community residential settings; new House language. Provides that the purpose of the voluntary pilot projects is to encourage the placement of persons with mental illness (who, among other things, may require a secured and supervised living environment and assistance in taking prescribed medications) in community residential settings. Requires quarterly reports on activities undertaken by the Department and CMHSPs to pilot projects.

Sec. 442. MIFamily Program (New) - IMPLEMENTATION DELAYED

Expresses the Legislature's intent that the \$40.0 million transferred from CMH Non-Medicaid Services to Medicaid Mental Health Services be used to provide state match for increases in Medicaid funding for mental health services provided to MIFamily enrollees and economic increases for the Medicaid Specialty Services and Supports Program; modified House language. Requires the general fund match for unused federal dollars to be transferred back to CMH Non-Medicaid Services if payments made to CMHSPs for MIFamily services are less than the revenue included in the Medicaid mental health services line item. Authorizes the Department to transfer up to \$18.0 million from the CMH Non-Medicaid Services to provide state match for increases in Medicaid funding for MIFamily services to the extent that persons are enrolled in the program. Requires the Department to report quarterly on the number of persons enrolled in the MIFamily program, the amount of funding transferred from CMH Non-Medicaid Services for the MIFamily program, the amount of Medicaid federal funds drawn down as a result of each transfer, and the services provided to MIFamily enrollees with these funds. Governor's veto letter states that implementation will be delayed due to the potential impact of the proposed constitutional amendments.

Sec. 447. Fixed Cost Rate for State Provided Services (New) - VETOED

Requires the Department to provide to CMHSPs a fixed net cost rate for services provided by the state. Requires the net cost rate to equal the operating cost of providing services minus the operating costs paid by federal and private funds, less the amount received by the state as reimbursement from persons and insurers who are financially liable for the cost of service. Requires the Department to use these rates for CMHSPs authorizations and rates in which the Department bills CMHSPs for state services.

Sec. 448. Quality Assurance Assessment for CMHSPs (New) - VETOED

Requires a CMHSP or affiliate of a CMHSP that receives funds under this act for participating in the Medicaid Managed Specialty Mental Health and Substance Abuse Program administered by the Department to comply with section 224b of the Insurance Code of 1956 as if it were an HMO. Requires the quality assurance assessment fee charged to a CMHSP or affiliate of a CMHSP to not exceed 6%.

Sec. 449. Multicultural Services Funding (New) - VETOED

Allocates \$2.5 million for persons with severe mental, developmental, physical, or emotional disabilities who are not currently served under the multicultural services program.

Sec. 606. Patient Reimbursement (New)

Allows the Department to collect revenue for patient reimbursement from first/third party providers, including Medicaid, to cover the cost of placement in state hospitals and centers; modified Senate language. Rejects Senate provision that allowed the Department to collect revenue for patient reimbursement from local counties and/or CMHSPs.

PUBLIC HEALTH***Sec. 852. Federal Bioterrorism Hospital Preparedness Allocations (New) - VETOED***

Allocates \$3.4 million of federal bioterrorism hospital preparedness funding to hospitals in six regions; modified House version of new Senate language.

Sec. 853. Animal-Borne Disease Transmission to Humans (New) - VETOED

Allocates \$100 for a proactive research initiative regarding transmission of traditionally animal-borne diseases to humans; new House section.

Sec. 905. Local Public Health Operations Distributions (New)

Requires the Department to provide no less than 100% of FY 2001-02 allocations to local public health departments in FY 2002-03 in implementing the new funding distribution methodology for local public health operations funds; new Senate section.

Sec. 1025. Battle Creek Diabetes and Kidney Program Allocation (New) - VETOED

Allocates up to \$50,000 for a Battle Creek diabetes and kidney prevention program; new House section.

Major Boilerplate Changes from FY 2001-02:

Sec. 1124. Contingency Allocation for Statewide Fetal Infant Mortality Review Network - (1) VETOED

Allocates (subsection 1) \$450,000 for the statewide fetal infant mortality review network if additional federal maternal and child health block grant funds are available and expresses (subsection 2) legislative intent that similar funding be provided in FY 2003-04 if federal funds become available; new House language.

Sec. 1135. Services for Sponsored Aliens (New)

Requires the Department to implement a sponsor-to-alien deeming policy for aliens seeking services under any means-tested state-funded program and seek reimbursement from sponsors for nonqualified aliens who have received services.

Sec. 1136. Child Advocacy Center Funding (New) - VETOED

Allocates \$1.1 million to child advocacy centers in Michigan, with \$100,000 being allocated to each of 11 centers.

CRIME VICTIM SERVICES COMMISSION

Sec. 1304. Sexual Assault Evidence Collection Procedures (New)

Requires the Department to work with other named entities to ensure that certain recommended procedures are followed in the collection of evidence in cases of sexual assault; new Senate language.

MEDICAL SERVICES

Sec. 1508. School District Health Center Funding (New) - VETOED

Allocates \$200,000 for school district health center training and assistance related to MICHild enrollment, delivery system coordination, and reimbursement.

Sec. 1604. Medicaid Protected Income Level (New)

Directs the Department to report by March 1, 2002, on the steps required to increase the Medicaid protected income level to the Social Security substantial gainful activity level for persons receiving social security disability income and on the annual costs of such a change; new House section.

Sec. 1622. Pharmaceutical Services Initiative (New)

Specifies conditions for continued implementation of the Department's pharmaceutical initiative related to the prior authorization process, the pharmacy and therapeutics committee, and reporting requirements; combines two new House sections. Deletes two subsections relating to the pharmacy and therapeutics committee and one regarding open meetings.

Sec. 1645. Hospital Uncompensated Care Payments (New) - VETOED

Eliminates the House-passed \$4.0 million for uncompensated care payments to hospitals. A separate hospital adjustor payment not to exceed \$6.0 million is included, contingent upon passage of a \$0.30 or greater increase in the cigarette tax.

Sec. 1646. Hospital Transition Funding (New) - VETOED

Retains the House's \$1.0 million to offset costs of hospitals that are closing or transitioning to an urgent care center or federally qualified health center.

Sec. 1658. HMO Contracts with Hospitals - VETOED

Eliminates language relating to HMO-hospital contracts and reimbursement for non-contracted hospitals; authorizes payments to HMOs affected by the change from per diem to fee-for-service reimbursement to hospitals. Retains new House language that requires hospitals that do not contract with HMOs in their service area to enter into a hospital access agreement to assure that all Medicaid beneficiaries have universal access to medically necessary covered hospital services. Adds a clarifying provision related to the insurance code.

Sec. 1681. Long-Term Care Services - VETOED

Eliminates a provision that allows the Department to fund personal care and other alternative long-term care services in place of nursing home care. Retains House version that replaces the current language with a new section encouraging the use of family members, friends, and neighbors to provide non-medical covered home and community based services, where appropriate, through the HCBS program. Includes a clarification that the use of family members, friends, and neighbors is consistent with state and federal law.

Sec. 1684. Nursing Home Wage Pass-Through (New) - VETOED

Directs the Department to make available up to one-half of the economic increase for a wage pass-through to nursing home employees, up to a maximum of \$0.50 per employee hour; new Senate language.

Major Boilerplate Changes from FY 2001-02:

Sec. 1689. Home and Community Based Services - VETOED

Directs the Department to develop an allocation formula that allows for coverage of not less than 15,000 persons through the Home and Community Based Services program (unless a smaller number is required under federal law); combined House and Senate provisions. Gives priority to enrolling persons currently residing in nursing homes or who are eligible to be admitted to a nursing home. Requires quarterly comparisons of actual usage and expenditures with predicted levels and allows redistribution of resources among providers. Quarterly reports to the Legislature on allocations by regions and associated expenditures are also required.

Sec. 1690. Long Term Care Managed Care Pilot Project (New) - VETOED

Requires the Department to allocate \$1.0 million for a pilot project to assess whether a managed care approach to the full spectrum of long-term care services can provide an appropriate level of care at a lower cost than achieved through purchasing those services on an individual basis; new Senate section. Deletes reference to specific organization. Deletes House provision that requires the Department to work with community and other stakeholders and the long-term care work group to develop key elements of the pilot project.

Sec. 1701. Nursing Home Quality Incentive Program (New) - VETOED

Allows re-establishment of a nursing home quality care incentive program, but specifies that funding is contingent upon an increase in the federal Medicaid match rate; House provision.

Sec. 1709. Indigent Health Care (New)

Reimburses Wayne County for the reduction in its distribution for indigent health care directly resulting from changes to the airport parking tax act; House provision.

Sec. 1710. MIChoice Home and Community Based Services (New) - VETOED

Requires Department to report proposed changes in the MIChoice home- and community-based services waiver program screening process to the House and Senate Appropriations Subcommittees on Community Health at least 30 days prior to implementation; House section.

Sec. 1712. Long-Term Care, HMOs, Hospital Services and Medicaid Managed Care (New) - VETOED

Clarifies that appropriations for Long-Term Care, HMOs, Hospital Services, and Medicaid Managed Care are specified in this act, notwithstanding the funding provisions in 2002 PAs 303 and 304.

Sec. 1713. School Based Services (New) - REPEALED

Specifies that reimbursement for school based services shall only be made to school districts that are not in default on contracts with vendors providing billing services for Medicaid school based services. This section is repealed in 2002 PA 521.

Sec. 1714. Hospital Services Appropriation (New)

Reduces the Hospital Services appropriation by \$149.2 million if the hospital provider assessment HB 5103, is not enacted.

Additional Vetoed Boilerplate Sections

Sections 1612(2), 1653, 1654, 1657(4), 1660(3)-(5), 1661(2), 1680, 1684a, 1685, 1687, 1688, 1702, and 1703 were also vetoed in conjunction with the veto of Long-Term Care and Health Maintenance Organizations line items.

Summary: Enacted Appropriation
FY 2002-03 Corrections
Senate Bill 1102
Public Act 524 of 2002

Analyst: Marilyn Peterson

							<u>Change from YTD at 5/10/02</u>
	2001-02 YTD (as of 5/10/02)	Executive	Senate	House	Enacted	FTEs/Dollars	%
FTEs	19,406.5	18,843.9	18,843.9	18,843.9	18,843.9	(562.6)	(2.9)
Gross	\$1,683,073,300	\$1,713,462,500	\$1,704,350,600	\$1,704,350,600	\$1,704,350,600	\$21,277,300	1.3
IDG/IDT	\$5,965,700	\$3,318,500	\$3,318,500	\$3,318,500	\$3,318,500	(\$2,647,200)	(44.4)
Federal	\$28,213,800	\$26,403,400	\$26,403,400	\$26,403,400	\$26,403,400	(\$1,810,400)	(6.4)
Local	\$349,600	\$391,100	\$391,100	\$391,100	\$391,100	\$41,500	11.9
Private	\$0	\$0	\$0	\$0	\$0	\$0	0
Restricted	\$49,090,300	\$55,490,600	\$55,490,600	\$55,490,600	\$55,490,600	\$6,400,300	13.0
GF/GP	\$1,599,453,900	\$1,627,858,900	\$1,618,747,000	\$1,618,747,000	\$1,618,747,000	\$19,923,100	1.2

OVERVIEW

The Michigan Department of Corrections (MDOC) is responsible for the control and supervision of well over 100,000 prisoners, parolees, and felony probationers. As articulated in a departmental policy directive, the MDOC's mission is to enhance public safety by recommending sanctions to the courts, and, as directed by the courts, carrying out the sentences given to convicted adult felons in a humane, cost-efficient manner which is consistent with sound correctional principles and constitutional standards.

Major Budget Changes from FY 2001-02 YTD Appropriations:

	<u>Senate</u>	<u>House</u>	<u>Enacted</u>
PRISON CAPACITY AND OPERATIONS			
1. Bellamy Creek Correctional Facility, Ionia			
Provides for increases of 672 beds, 106.6 FTEs, and \$6.8 million over current-year funding (provided through inmate housing fund) to fully open Bellamy Creek in FY 2002-03. Total budgeted population increased to 1,680. This newly-constructed 1,500-bed Level IV facility began receiving prisoners in FY 2001-02 due to closures of Michigan Reformatory and Jackson Maximum, plus conversion of Level IV Southern Michigan to double-bunked Level II.			
Beds	672	672	672
FTEs	106.6	106.6	106.6
Gross	\$6,822,100	\$6,822,100	\$6,822,100
GF/GP	\$6,822,100	\$6,822,100	\$6,822,100
2. Re-open Units at Reformatory and Jackson Maximum			
Allocates 62.2 FTEs and \$2.4 million partial-year funding for Reformatory, 111.0 FTEs and partial year funding of \$4.1 million for Jackson Maximum. Due to anticipated prisoner population increases and completion of demolition projects at Michigan Reformatory, 500 beds at Reformatory (in Ionia) and 645 beds at Jackson Maximum (in Jackson) are reopening.			
Beds	1,145	1,145	1,145
FTEs	173.2	173.2	173.2
Gross	\$6,453,600	\$6,453,600	\$6,453,600
GF/GP	\$6,453,600	\$6,453,600	\$6,453,600

Major Budget Changes from FY 2001-02 YTD Appropriations:**3. Expand Camps Brighton and Lehman**

Provides \$3.4 million, 47.2 FTEs for an additional 80 beds. (Enrolled House Bill 4373 authorizes capital outlay funds for 336-bed drop-in unit; beds would not open during FY 2002-03.) Double-bunking at Camp Lehman (in Grayling) is expected to begin January 2003; adds 240 Level I beds with accompanying funding of \$2.4 million for 29.4 FTEs. Camp Brighton (replaced Camp Branch as the women's camp) is being expanded by 130 beds. Fifty of these beds are already open; an additional 80 are opening by October 1, 2002, through remodeling of old barracks.

	<u>Senate</u>	<u>House</u>	<u>Enacted</u>
Beds	370	370	370
FTEs	76.6	76.6	76.6
Gross	\$5,852,600	\$5,852,600	\$5,852,600
GF/GP	\$5,852,600	\$5,852,600	\$5,852,600

4. Additional Beds at Crane and Riverside

Provides full-year funding for Crane expansion through internal transfer from Chippewa plus 20.9 FTEs and \$653,600 gross, \$641,100 GF/GP. Riverside increases by 18.4 FTEs and partial-year funding of \$1.3 million. Expansion of Crane and conversion and double-bunking of former reception center at Riverside to add 160 beds and 210 beds, respectively.

Beds	370	370	370
FTEs	39.3	39.3	39.3
Gross	\$1,941,500	\$1,941,500	\$1,941,500
Restr	12,500	12,500	12,500
GF/GP	\$1,929,000	\$1,929,000	\$1,929,000

5. Use FY 2001-02 Funds for Macomb, Saginaw

Allows full amount of FY 2001-02 funding to be carried forward and added to base, generating "savings" for FY 2002-03; Macomb carries forward \$1.8 million to offset additional costs of \$951,900, generating a negative adjustment of \$819,700; Saginaw carries forward \$2.0 million to offset additional costs of \$925,500, generating a negative adjustment of \$1.1 million. Macomb (in New Haven) and Saginaw (in Saginaw) each have one new drop-in unit of 240 beds, with FY 2001-02 funding for five and six months, respectively. Budget assumes beds would open March 2003 at Macomb and February 2003 at Saginaw; increasing prison populations prompted the Department to utilize Saginaw beds during FY 2001-02.

Gross	(\$1,924,300)	(\$1,924,300)	(\$1,924,300)
GF/GP	(\$1,924,300)	(\$1,924,300)	(\$1,924,300)

6. Prisoner Health Care Costs

Includes \$3.3 million for projected price increases under new managed care contract for hospital and specialty care (current contract expires April 1, 2003), and \$4.0 million for pharmaceutical cost increases—including \$919,000 in increased costs of psychotropic drugs. Increases are exclusive of increases due to bed space expansions.

Gross	\$7,260,100	\$7,260,100	\$7,260,100
GF/GP	\$7,260,100	\$7,260,100	\$7,260,100

7. Federal Revenue Replacement

Increases GF/GP by \$1.7 million to replace anticipated loss of federal funds received under the State Criminal Alien Assistance Program, and \$196,100 for oversight of Youth Correctional Facility. Lease and operational costs for the youth facility would continue to be funded with federal Violent Offender Incarceration/Truth in Sentencing grant money; VOI/TIS terms bar use of grant funds for state oversight of facilities leased with VOI/TIS funds.

Gross	\$0	\$0	\$0
Federa	(1,890,400)	(1,890,400)	(1,890,400)
I	\$1,890,400	\$1,890,400	\$1,890,400
GF/GP			

8. Pugsley Step Increases

Provides additional \$2.0 million to fund FTEs (previously funded at second-year step) at third-year step. Former Camp Pugsley was recently expanded by 800 beds and converted to a Level I (minimum security) prison that opened in January 2001.

Gross	\$1,987,800	\$1,987,800	\$1,987,800
GF/GP	\$1,987,800	\$1,987,800	\$1,987,800

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
FUNDING CHANGES	Beds	(1,258)	(1,258)	(1,258)
9. "Annualize" FY 2001-02 Executive Order	FTEs	(805.0)	(805.0)	(805.0)
Reductions	Gross	(\$10,423,000)	(\$10,423,000)	(\$10,423,000)
Extends partial-year savings being realized under Executive Order 2001-9 to full-year for FY 2002-03. Reflects partial-year adjustments to dollars, full-year adjustments to beds and FTEs. Restricted fund increases largely due to appropriation of \$6.0 million in annual revenues expected from new \$5 assessment on civil infractions. Partial-year revenues of \$4.5 million expected in FY 2001-02; appropriated by 2002 PA 530.	Restr	6,161,800	6,161,800	6,161,800
	GF/GP	(\$16,584,800)	(\$16,584,800)	(\$16,584,800)
10. Department of Information Technology (DIT)	FTEs	(130.5)	(130.5)	(130.5)
Collects transfers from various line items in new \$16.1 million line item for "Information Technology Services and Projects," which would provide funding for DIT. Associated FTEs are removed from Corrections budget.	Gross	\$0	\$0	\$0
	GF/GP	\$0	\$0	\$0
11. Early Retirement Savings	Gross	(\$7,591,800)	(\$7,591,800)	(\$7,591,800)
Incorporates early retirement savings of \$7.6 million. Accommodates 1:1 replacement on 216 direct care facility staff who are retiring, and 1:2 replacement on 140 parole/probation agents and managers who are retiring. Five retiring wardens would be replaced with assumed overall savings of 10%. Other positions would be limited to 1:4 replacement. Provides additional funding of \$433,500; without this funding, the retirement savings would be \$8.0 million.	GF/GP	(\$7,591,800)	(\$7,591,800)	(\$7,591,800)
12. Target Reductions and Restoration of Funding	Gross	(\$1,520,000)	(\$1,520,000)	\$0
Reduces vaccination program by \$500,000, county jail reimbursement program by \$800,000, and academic/ vocational programs by \$170,000 to FY 2001-02 level; eliminates \$50,000 for liver testing for parolees. Associated boilerplate language restores the funding contingent on cigarette taxes being increased by at least 30 cents per pack by September 30, 2002. Public Act 503 of 2002 increased cigarette taxes by 50 cents per pack effective August 1, 2002, triggering the boilerplate contingency language and restoring the \$1.5 million that would have been eliminated through target reductions.	GF/GP	(\$1,520,000)	(\$1,520,000)	\$0

Major Boilerplate Changes from FY 2001-02:**Secs. 215 and 216. Youth Correctional Facility**

Requires report on youth correctional facility and specifying responsibilities for contract monitor.

Sec. 217. Youth Correctional Facility - Invitation to Bid (New)

Requires copy of invitation to bid on management services at the youth correctional facility to be given to chairs and vice-chairs of House and Senate appropriations subcommittees on corrections.

Secs. 222. Academic/Vocational Programs

Retains language requiring detailed report on academic/vocational programs, enrollments, waiting lists, outcomes, and related information. Prior-year language requiring development of a program design for academic/vocational programs was eliminated.

Sec. 224. Restricted Revenues Report

Requires report on restricted fund balances and projected revenues and expenditures.

Secs. 259 and 260. Department of Information Technology (New)

Directs Department to pay user fees to Department of Information Technology, subject to interagency agreement; Executive-recommended language. Information technology appropriations could be designated as work projects and carried forward to support technology projects, subject to approval under the Management and Budget Act.

Major Boilerplate Changes from FY 2001-02:***Sec. 261. Early Retirement Savings (New)***

Provides for negative appropriation for early retirement savings to be satisfied by savings realized from not filling all positions vacated due to the 2002 early retirement plan. Adjustments to appropriation authorizations would be made only after associated legislative transfers were approved.

Sec. 262. Restoration of Target Cuts; Liver Enzyme Test for Parolees (New)

Restores the target cuts, providing the cigarette tax is increased by at least 30 cents per pack by September 30, 2002. Public Act 503 of 2002 increased cigarette taxes by 50 cents per pack effective August 1, 2002, thereby triggering the boilerplate contingency language. Through operation of the boilerplate language, \$1.5 million that would have been eliminated through target reductions is instead appropriated. Requires Department to offer an alanine aminotransferase (ALT) test to each prisoner approved for parole, and to provide the prisoner with test results and, if appropriate, a recommendation to seek follow-up medical attention in the community; House-originated requirement. (Elevated levels of ALT are indicative of liver damage due to hepatitis or cirrhosis.) Requirement would have been eliminated in conjunction with target reductions; with associated funding appropriated, the requirement stands.

Sec. 302. Substance Abuse Testing and Treatment

Modifies language requiring a report on allocation and expenditure of substance abuse testing and treatment line item, and includes new language expressing legislative intent that testing and treatment funds be fully expended for that purpose.

Sec. 405. Technical Violators of Parole and Probation

Requires development of alternatives to prison for technical violators of probation and parole.

Sec. 601(1). Parole and Probation Agent Workload Ratios

Eliminates current-year subsection urging MDOC to maintain parole/probation agent workload ratio of 90:1.

Secs. 701, 702, and 703. Community Corrections

Outlines community corrections programs and services and specifies use of comprehensive plans and services funding.

Sec. 706. County Jail Reimbursement Program Per-diem Payments

Replaces current schedule of per-diem payments under county jail reimbursement program with flat rate of \$43.50 per day, up to one year total. (To effect \$800,000 target reduction to jail reimbursement program, per diem would have been set at \$42, but is \$43.50 because of associated language that increases the per diem in association with restoration of the target cuts.)

Sec. 902. Health Care Contracts - Vendor Payments, Quality of Prisoner Health Care, Auditor General Audit

Retains requirements for reports on health care payments to vendors and prisoner health care quality, but not language calling for audit by auditor general.

Sec. 905. Health Care Contracts - Invitations to Bid (New)

Requires copy of invitation to bid on managed care contract to be given to House and Senate subcommittee chairs and vice-chairs.

Sec. 906. Health Care Contracts - Ambulance Services (New)

Expresses legislative intent for Department to ensure that local providers of ambulance services be reimbursed within 60 days of the filing of any uncontested claim for service.

Summary: Enacted Appropriation
FY 2002-03 Family Independence Agency
House Bill 5645
Public Act 529 of 2002

Analysts: Myron Freeman
Erin Black

						<u>Change from YTD at 5/10/02</u>	
	2001-02 YTD (as of 5/10/02)	Executive	House	Senate	Enacted	FTEs/Dollars	%
FTEs	13,505.6	12,501.1	12,560.3	12,501.1	12,501.1	(1,004.5)	(7.4)
Gross	\$3,960,123,400	\$3,956,405,800	\$4,089,650,601	\$4,102,851,201	\$4,074,490,500	\$114,367,100	2.9
IDG/IDT	\$965,300	\$978,800	\$978,800	\$978,800	\$978,800	\$13,500	1.4
Federal	\$2,654,133,850	\$2,604,621,650	\$2,736,184,250	\$2,746,184,250	\$2,754,318,050	\$100,184,200	3.8
Local	\$86,299,000	\$67,129,700	\$67,243,800	\$67,243,800	\$66,956,700	(\$19,342,300)	(22.4)
Private	\$9,710,550	\$9,836,150	\$9,836,150	\$9,856,850	\$9,856,850	\$146,300	1.5
Restricted	\$53,233,900	\$65,388,800	\$65,388,800	\$65,388,800	\$65,388,800	\$12,154,900	22.8
GF/GP	\$1,155,780,800	\$1,208,450,700	\$1,210,018,801	\$1,213,198,701	\$1,176,991,300	\$21,210,500	1.8

OVERVIEW

The mission of the Family Independence Agency (FIA) is to help meet the financial, medical, and social needs of individuals and families living in Michigan who are unable to provide for themselves; assist those who are capable of becoming self-sufficient through skill building, opportunity enhancement, and family-focused services; and help protect children and vulnerable adults from abuse, neglect, and exploitation.

Major Budget Changes from FY 2001-02 YTD Appropriations:

1. Food Assistance Program Increase (Formerly Food Stamp Program)

Adds \$220.2 million to fund anticipated caseload increase of 85,800 in the federal food assistance program—to 413,200 cases. This represents an additional 38,500 cases and a \$12 monthly cost per case increase (to \$168) totaling \$131.7 million, as proposed by the House, above the Executive.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	\$220,192,900	\$220,192,900	\$220,192,900
Federal	220,192,900	220,192,900	220,192,900
GF/GP	\$0	\$0	\$0

2. Day Care Services Fund Source and Caseload Spending Adjustments

Replaces \$97.9 million in federal Temporary Assistance to Needy Families (TANF) funds with \$23.0 million in new GF/GP, a shift of \$15.3 million GF/GP from other accounts, and federal Child Care Development Fund (CCDF) matching revenues for Day Care Services as proposed by Executive. Enacted budget also adds \$5.6 million TANF for a projected caseload increase to 65,000 cases at a monthly cost per case of \$573.

Gross	\$0	\$0	\$5,600,000
Federal	(22,975,400)	(22,975,400)	(17,375,400)
GF/GP	\$22,975,400	\$22,975,400	\$22,975,400

Major Budget Changes from FY 2001-02 YTD Appropriations:

3. Family Independence Program Adjustments

Adds \$33.0 million for a projected 4,700 increase in the Family Independence Program caseload—to 79,700 cases—at a monthly cost of \$389 per case. Amounts reflect fewer new cases and lower expenditures than originally assumed in Executive, House, and Senate versions of the budget. Enacted budget agrees with Executive to reduce the annual clothing allowance by \$50 to a level of \$25 per child, but restores \$25 to the per child clothing allowance in boilerplate section 413 with funds from the child support penalty fund, if ultimately received.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	\$71,633,200	\$71,990,100	\$24,439,600
Federal	51,633,200	48,810,100	4,439,600
GF/GP	\$20,000,000	\$23,180,000	\$20,000,000

4. Adoption Subsidies/Adoption Agencies Increase-PARTIAL VETO

Provides \$26.6 million to recognize a projected adoption subsidy caseload increase from 21,200 this year to 24,500 in FY 2002-03, as recommended by Executive. House and Senate-passed 1% rate increase for child placing agencies was reduced in Conference Committee to \$31,800 by delaying the effective date to April 1, 2003, but this funding was vetoed by the Governor.

Gross	\$26,629,200	\$26,645,100	\$26,581,500
Federal	16,819,900	16,826,700	16,799,400
GF/GP	\$9,809,300	\$9,818,400	\$9,782,100

5. Foster Care Adjustments - PARTIAL VETO

Reduces authorization by \$63.4 million to reflect a decrease in the foster care caseload from 14,100 cases to 11,978 cases and the removal of excess local and federal authority—a slight difference from original caseload projections included in Executive, House, and Senate budgets. House and Senate-passed 1% rate increase for child placing agencies and residential treatment facilities was reduced in Conference Committee to \$840,600 by delaying the effective date to April 1, 2003, but this funding was vetoed by the Governor.

Gross	(\$62,566,200)	(\$62,582,100)	(\$63,409,300)
Federal	(35,152,600)	(35,159,400)	(35,304,700)
Local	(8,294,900)	(8,294,900)	(8,582,000)
GF/GP	(\$19,118,700)	(\$19,127,800)	(\$19,522,600)

6. Child Care Fund Increase

Increases the Child Care Fund by \$28.6 million to fund additional delinquency cases that were previously funded in the foster care lines, as proposed by Executive. Much of the spending shift is due to classification of more children as court wards in Wayne County who are being served locally through a managed care process.

Gross	\$28,600,000	\$28,600,000	\$28,600,000
Federal	2,300,000	2,300,000	2,300,000
GF/GP	\$26,300,000	\$26,300,000	\$26,300,000

7. Juvenile Justice Facility Savings

Recognizes \$11.0 million in additional savings from the Genesee Valley Regional Center closure and Maxey Training School bed reductions as well as \$1.1 million from annualizing the FY 2001-02 hiring freeze and removing \$1.0 million in one-time funds.

FTE	(271.0)	(271.0)	(271.0)
Gross	(\$13,077,300)	(\$13,077,300)	(\$13,077,300)
Local	(6,712,700)	(6,712,700)	(6,712,700)
GF/GP	(\$6,364,600)	(\$6,364,600)	(\$6,364,600)

8. Emergency Relief Increase

Adds \$7.7 million to cover increased program costs for emergency house and rent payments, taxes, and utilities. Restores \$1.2 million for Arab/Chaldean and Access programs previously eliminated by Executive Order 2001-9. House and Senate increases of \$1.6 million for raising the indigent burial maximum allowable charge by \$197 to \$1,311 per burial are not included. Leadership target agreement specified \$600,000 in GF/GP savings from the Arab/Chaldean and Access program, but this amount is restored by recent passage of the cigarette tax increase (see boilerplate Sec. 268).

Gross	\$10,512,601	\$10,512,701	\$8,944,600
Federal	8,334,600	8,334,600	8,334,600
GF/GP	\$2,178,001	\$2,178,101	\$610,000

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
9. Homestead Property Tax Funding Adjustment				
Eliminates use of \$27.0 million TANF to pay the Homestead Property Tax Credit to qualifying Michigan citizens, as recommended by the Executive. Includes \$50 million in federal funds received from the Department of Career Development to be utilized for Homestead Property Tax payments.	Gross	(\$27,000,000)	(\$27,000,000)	\$23,000,000
	Federal	(27,000,000)	(27,000,000)	23,000,000
	GF/GP	\$0	\$0	\$0
10. TANF Program Spending Reductions				
Lowers TANF spending level by \$1.4 million through reductions of \$650,000 for Community Services Block Grant (CSBG) funding, \$500,000 for the Fatherhood initiative, and \$250,000 for the Innovation initiative. Boilerplate restores Fatherhood and CSBG funding with child support penalty refund revenue if available.	Gross	(\$1,400,000)	(\$1,400,000)	(\$1,400,000)
	Federal	(1,400,000)	(1,400,000)	(1,400,000)
	GF/GP	\$0	\$0	\$0
11. Food Stamp Reinvestment Line Established				
Adds \$5.7 million for a new line item to augment ongoing efforts to reduce issuance errors in the area of food assistance.	Gross	\$5,700,000	\$5,700,000	\$5,700,000
	GF/GP	\$5,700,000	\$5,700,000	\$5,700,000
12. Child Support Enforcement System Administrative Reduction				
Reflects \$7.9 million in savings attributable to reduced costs associated with developing and implementing the statewide Child Support Enforcement System.	Gross	(\$7,892,000)	(\$7,892,000)	(\$7,892,000)
	Federal	(5,208,700)	(5,208,700)	(5,208,700)
	GF/GP	(\$2,683,300)	(\$2,683,300)	(\$2,683,300)
13. Transitional Work Support				
Reduces Transitional Work Support authorization by \$10.0 million to fund the Before/After School program. See item 14 below. The CSES contingency boilerplate section (413) would restore \$3.0 million of this amount.	Gross	(\$5,000,000)	(\$8,000,000)	(\$10,000,000)
	GF/GP	(\$5,000,000)	(\$8,000,000)	(\$10,000,000)
14. Before/After School Pilot Program				
Removes \$10.0 million TANF base funding for the Before/After School pilot program, as proposed by the Executive, but adds \$10.0 million GF/GP from Transitional Work Support to restore this funding. See item 13 above.	Gross	(\$5,000,000)	\$723,100	\$0
	Federal	(10,000,000)	(7,276,900)	(10,000,000)
	GF/GP	\$5,000,000	\$8,000,000	\$10,000,000
15. Created for Caring - VETOED				
Restores and increases TANF-funded Created for Caring contract to \$150,000. Executive and House versions eliminated the contract; Senate proposed an increase. Funding was subsequently vetoed.	Gross	(\$112,500)	\$137,500	(\$112,500)
	Federal	(112,500)	137,500	(112,500)
	GF/GP	\$0	\$0	\$0
16. Transfer to Department of Information Technology				
Transfers information technology FTE positions to the new Department of Information Technology. Related funding (\$185.8 million) is transferred to a new Information Technology unit within FIA, based on the revised Executive.	FTE	(296.8)	(356.0)	(356.0)
	Gross	\$0	\$0	\$0
	GF/GP	\$0	\$0	\$0
17. Early Retirement Savings				
Includes a reduction of \$21.3 million associated with early retirement savings for FIA that is placed in a new line that will be satisfied via the transfer process (see boilerplate Sec. 265).	Gross	\$0	(\$100)	(\$21,301,700)
	GF/GP	\$0	(\$100)	(\$21,301,700)
18. Budgetary Savings/Administrative Budgetary Savings				
Includes a reduction of \$8.7 million associated with budgetary savings for FIA that is placed in a new line that will be satisfied via the transfer process (see boilerplate Sec. 265). An additional \$4.6 million in savings is placed in a new Administrative Budgetary Savings line as a result of Leadership target agreement for FIA; amount is restored by the recent passage of the cigarette tax increase (see boilerplate Sec. 268).	Gross	\$0	\$0	(\$8,726,500)
	GF/GP	\$0	\$0	(\$8,726,500)

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
19. Child Care Pilot Program - VETOED	Gross	\$0	\$0	(\$100,000)
Removes \$100,000 federal from the Day Care Services line item due to veto of Sec. 668.	Federal	0	0	(100,000)
	GF/GP	\$0	\$0	\$0
20. Juvenile Justice Day Treatment - VETOED	Gross	\$0	\$0	(\$1,000,000)
Removes \$1.0 million GF/GP from the Juvenile Justice Operations line item due to veto of Sec. 710.	GF/GP	\$0	\$0	(\$1,000,000)

Major Boilerplate Changes from FY 2001-02:

Sec. 223. Medicaid Determination Requirements

Modifies section to include required report on centralized monthly processing of Medicaid spend-down paperwork for specified clients.

Sec. 224 (FY 2001-02). Non-Traditional Business Hours - DELETED

Expresses legislative intent for FIA to provide services at local Department offices during nontraditional business hours.

Sec. 225 (FY 2001-02). Contractor Negotiations and Payment - DELETED

Expresses legislative intent regarding Department promptness standards for completion of contractual negotiations, notification of funding availability, and payment for allowable provider expenditures.

Sec. 259. Information Technology Agreement (New)

Requires FIA to pay user fees to the new Department of Information Technology based on an established interagency agreement and to report on the agreement reached; modified Executive language.

Sec. 260. Information Technology Work Projects (New)

Allows Department to designate information technology appropriations as work projects; Executive language.

Sec. 261. Local FIA Office Closing or Consolidation (New)

Requires FIA to consult with members of the Legislature on planned local office restructuring and requiring any plan to ensure a presence in every county; modified House and Senate language.

Sec. 263. Foster Care Workers and Child Protective Services Workers (New)

Requires Department to replace all foster care workers and child protective services workers who take an early retirement on a 1:1 basis; House language.

Sec. 264. FIA Employee Communication with Legislature (New)

Permits FIA employees while on personal time to have appropriate communications with legislators and staff as long as the communication does not violate laws, breach confidentiality, violate civil service rules, or represent a formal FIA position without prior approval; modified House and Senate language.

Sec. 265. Early Retirement Savings and Budgetary Savings (New)

Requires that appropriations for Early Retirement Savings and Budgetary Savings be identified by line in transfer requests; target language.

Sec. 268. Tobacco Tax Increase vs. Additional Budgetary Savings (New)

Adds Target language restoring specified budgetary savings funds contingent upon a minimum 30 cents per pack cigarette tax increase.

Sec. 301. Debit Card Usage and Annual School Clothing Allowance

Modifies section to require FIA to appropriate up to \$4.3 million for school clothing allowance for children ages 4-18 and to encourage recipients to consider using allowance at consignment stores or stores providing discounts.

Sec. 401. Child Support Incentive Payments and Enforcement System Requirements

Adjusts language outlining conditions for state use of federal child support incentive payments and ways for counties to avoid Child Support Enforcement System penalty payment, and eliminating reporting requirements.

Sec. 405 (FY 2001-02). Prohibits GF/GP Distribution to Wayne County 3rd Circuit Court - DELETED

States the Wayne County 3rd Circuit Court cooperative reimbursement contract funding resides in the Judiciary Budget and that no GF/GP from the FIA budget may be used to fund this contract.

Sec. 407. Created for Caring - VETOED

Requires Department to contract for \$150,000 TANF with Created for Caring.

Major Boilerplate Changes from FY 2001-02:

Sec. 413. Contingent Appropriation - CSES Refund (New) - PARTIAL VETO

Restores specified program funds contingent upon receipt of federal child support enforcement system penalty refund.

Sec. 415. Fatherhood Initiative

Adjusts allocation to \$500,000 TANF, eliminating independent contractor requirement, and restricting allocation to 20% per county.

Sec. 417 (FY 2001-02). Innovation Grants - DELETED

Allows Department to spend up to \$250,000 TANF to fund innovation grants and allows Department to spend up to \$1.0 million TANF for employment and training support services in support of a youth learning innovations training center designed to enhance technical literacy.

Sec. 516 (FY 2001-02). Special Needs Adoptions Report - DELETED

Requires Department to prepare a report on special needs adoptions.

Sec. 518. Strong Families/Safe Children Funding

Adjusts language requiring FIA to work with multipurpose collaborative bodies (MPCBs) to arrange a reward and/or penalty plan related to out-of-home placement outcomes, includes language related to adjudicated youth, and adds MPCB outcomes reporting requirement.

Sec. 519. Foster Care and Adoption Services Rate Increase - VETOED

Modifies language to include a 1% increase to child placing agencies and residential treatment facilities beginning April 1, 2003, and to allow the rate increase to support foster and adoptive parent resource centers.

Sec. 531. Local Title IV-E Claim Requirements (New)

Outlines requirements for Department to make federal Title IV-E claims for eligible costs incurred by local units of government; Executive language.

Sec. 532. Licensing and Contract Compliance Review (New)

Requires collaboration between FIA, Department of Consumer and Industry Services (CIS), and the Michigan Federation of Private Child and Family Agencies in review of contract compliance and licensing policies, practices, and procedures in attempt to identify duplication; Senate language. Requires report.

Sec. 533. Payment Promptness - Title IV-E Services (New)

Requires the Department to make payments to child placing agencies within 30 days after receiving documentation for Title IV-E related services; House language.

Sec. 534. Teen Pregnancy Prevention Pilot (New)

Allows Department to utilize unexpended Teen Pregnancy Prevention Pilot Performance Bonus funding to support teen pregnancy prevention programs within the city of Pontiac; House language.

Sec. 535. Monthly Guardianship Fee (New)

Identifies legislative intent that FIA review merits of increasing monthly guardianship fee; Senate language.

Sec. 536. Foster Care Assignment System (New)

Prohibits FIA from implementing a geographically-based foster care assignment system unless in the best interests of the foster children; Senate language.

Sec. 537. Foster Care Placement - First Opportunity (New)

Requires FIA to offer private nonprofit agencies the first opportunity to provide foster care services for new children under specified circumstances; modified Senate language.

Sec. 539. Residential Treatment Placement Process (New)

Requires FIA to collaborate with private agencies to ensure appropriate residential treatment placement process; modified Senate language.

Sec. 611. Indigent Burial - Additional Payments

Adjusts language to allow each provider to collect additional payment and limits total payments to \$2,600.

Sec. 618. Assistance Adjustment Notification

Modifies language by removing subsections requiring ten days' notice and appeal resolution prior to reducing, terminating, or suspending assistance.

Sec. 620 (FY 2001-02). Program Eligibility Notification - DELETED

Ensures clients are informed in writing of programs for which they may be eligible upon leaving assistance and allows clients to request an exit interview.

Major Boilerplate Changes from FY 2001-02:

Sec. 626 (FY 2001-02). Child Day Care Provider Training - DELETED

Requires Department to fund child day care provider training programs.

Sec. 630 (FY 2001-02). Training/Education Guidelines - DELETED

Requires Department and the DCD to refine and make available clear joint guidelines on the eligibility of Work First participants for post-employment training support and on how training and education hours can be applied toward federal work requirements.

Sec. 634 (FY 2001-02). Parenting Skills and Career Development Pilot - DELETED

Requires Department to expend up to \$250,000 to develop and fund a parenting skills and career development pilot program for single parents eligible for cash assistance who have children up to three years old.

Sec. 636 (FY 2001-02). Late Child Day Care Payment Report - DELETED

Requires Department to submit a report on late payments to child day care providers for the year.

Sec. 659 (FY 2001-02). Child Care Verification - DELETED

Requires FIP recipients with a child under six years old to meet work first participation requirements unless worker verifies child care is not available.

Sec. 661. Transitional Work Support

Modifies language allowing FIA to expend up to \$5.0 million GF/GP.

Sec. 667. Child Day Care Provider Background Checks (New)

Allows Department to expend funds necessary to perform child day care provider checks from fees collected; House language.

Sec. 668. Child Care Program Pilot (New) - VETOED

Requires Department, in collaboration with Michigan Alliance of Boys and Girls Clubs, to conduct a child care program pilot, leveraging child care funding to implement SMART Moves Program; Senate language.

Sec. 708. School Aid Funding for Juvenile Justice Education

Adjusts language expressing legislative intent that Department work with state and local agencies necessary to ensure funding through school aid and requiring adjustments to facility per diem rates that reflect savings.

Sec. 710. County Juvenile Justice Day Treatment - VETOED

Modifies language to require, instead of allow, FIA to continue contracts.

Sec. 713. Juvenile Justice Release Coordination and Medicaid Reimbursable Rate (New)

Requires FIA to work cooperatively with other state departments to coordinate and improve the delivery of services to individuals leaving the juvenile justice system, especially those aging out identified as continuing to pose a serious risk, and requires FIA to reimburse health care providers for actual charges less than or equal to the Medicaid reimbursable rate scale for services rendered; modified House language.

Sec. 714. County Information Networks - Technical Assistance (New)

Requires FIA to provide technical assistance for counties to develop information networks like SHOCAP, JJOLT, and JVRS, and requiring implementation report; Senate language.

Sec. 715. Early Intervention Initiatives Report (New)

Identifies legislative intent related to juvenile justice system and requires FIA to present and report on early intervention initiatives based on recommendations from 2001 Joint House and Senate Task Force on Juvenile Justice; modified Senate language.